

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN TOM ZOOK**, on February 20, 2003 at 11 A.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Sen. Tom Zook, Chairman (R)
Sen. Bill Tash, Vice Chairman (R)
Sen. Keith Bales (R)
Sen. Gregory D. Barkus (R)
Sen. Edward Butcher (R)
Sen. Mike Cooney (D)
Sen. John Esp (R)
Sen. Royal Johnson (R)
Sen. Bob Keenan (R)
Sen. Rick Laible (R)
Sen. Bea McCarthy (D)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Emily Stonington (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)

Members Excused: Sen. John Cobb (R)
Sen. Trudi Schmidt (D)

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted:
Executive Action: SB 115; HB 261

EXECUTIVE ACTION ON SB 115

Motion: SEN. TESTER moved SB011501.atp.

SEN. JON TESTER advised the amendment puts funding back in the Cooperative Development Center at MSU Northern. It is a program that assists folks with value added projects and they have a major project to help farmers, add money to the economy and keep farmers in business. He encouraged adding the \$65,000 back in to SB 115.

Discussion:

CHAIRMAN TOM ZOOK advised the fiscal note reads zero all the way through and didn't know if the amendment would change that.

SEN. TESTER replied no.

SEN. ROYAL JOHNSON stated the program resulted in a special session and this one was added in when they decided to have the Research and Development Program. In the testimony, they thought they had committed \$125,000 a year for three years to start up this cooperative program. They asked for a match of \$25,000 a year for three years. A senator decided they needed more and he put in \$65,000 a year for five years. That's where it's been until now and SB 115 would take that out. They have collected \$180,000 or \$200,000 in their program, have had good luck with the program and have a number of matching grants from the government. The \$65,000 enhances the budget of the school and he thought it an incorrect way to add to the budget. He said he can't support the amendment for that reason.

SEN. ZOOK said that special session was held in the basement of Jorgenson's.

SEN. JOHN ESP asked Taryn Purdy, Legislative Division, about the amendments.

Ms. Purdy advised the money would not go to the Department of Commerce; it would go directly to the school.

SEN. LINDA NELSON advised she was definitely in favor of the bill. A few years ago, the legislature passed laws that simplified the ways to form cooperatives. If there is to be economic development in rural Montana, she is convinced that is the way to do it--by helping ourselves and forming cooperatives. The development center helps people do that. She said it's a good thing and she certainly hoped the legislature didn't do something to stop this from happening.

SEN. EMILY STONINGTON asked if the fiscal impact was zero because they are in the base budget now.

SEN. ZOOK said it's in statute and it's ongoing.

SEN. STONINGTON asked if the bill were to not pass, would it free up more of the interest money for the general fund. She asked if it is coal tax interest.

Ms. Purdy advised these programs are general fund and are set to expire at the end of the next biennium. This would extend it beyond the 2005 biennium which is the reason for the zero impact for this biennium.

SEN. STONINGTON asked if they are funded through the 2005 budget.

SEN. RICK LAIBLE said the amendment would add \$65,000 and asked about the finite amount of interest.

SEN. TESTER explained the money would come out of the general fund in the next biennium and that's where it happens now.

CHAIRMAN ZOOK asked why the bill was before them now and not in the next biennium in the next legislature.

Dave Gibson, Governor's Office, advised they could wait two years and take action on the bill and it would have no material effect on the fund groups but the programs need long term commitment to be effective. Originally, these were proposed as ten year programs and in the process have been pared back to five. He wanted to extend them back to ten so that over the next biennium the programs will be in place with some assurance of funding. It is a longer term commitment to these programs.

SEN. ZOOK asked if the next legislature will look at this.

Mr. Gibson advised they would have the ability to change it but it would take an affirmative action of the legislature to alter it. This provides a measure of insurance that these programs will continue and there would be full discretion to make modifications in the 2005 session before any of the money actually got spent.

SEN. JOHNSON asked for an example of the long range programs put in effect.

Mr. Gibson indicated the programs were the Manufacturing Extension Center, the Small Business Development Centers, Small Business Research, Certified Communities, and some trade

promotion. Certified Communities has been pared back. The statutory appropriation for general marketing is gone--the foreign trade office. Those are the programs put in place with this money and will continue, with the appropriation, for an additional five years.

SEN. JOHNSON asked if they were able to spend all the money they had allocated over this period of time.

Mr. Gibson indicated all the programs are really strapped and all of that money is being spent. He didn't anticipate any issues with spending in the future. Most of the programs are leveraged programs and the Manufacturing Extension gets a portion from the state and uses that to match other monies coming into the university. They get federal money at a two or three to one match. Without that support, the whole program collapses.

Vote: Motion carried 15-2.

Motion: SEN. COONEY moved that SB 115 DO PASS AS AMENDED.

CHAIRMAN ZOOK advised it has been reduced about \$150,000 a year. It used to be \$1.1 million and now its \$950,000. He thought it is a good idea; a lot of the EPSCOR grants are involved in this.

Vote: Motion carried 16-1 with JOHNSON voting no.

EXECUTIVE ACTION ON HB 261

Motion: SEN. COREY STAPLETON moved that HB 261 BE CONCURRED IN.

SEN. STAPLETON advised amendments were being distributed and there is a technical amendment also.

Motion: SEN. STAPLETON moved HB 261-3RD-SET.bgn.

SEN. STAPLETON explained that 2 years ago the department was given \$4 million and everything seems to have gone quite well; in this session they want the remaining \$18 million. With experience with some of the other IT projects, he requested wording for the department to come back in two years. Two years ago on an unrelated computer system, POINTS, there were some concerns and they were unable to stop \$17 million worth of spending.

SEN. STONINGTON asked **Larry Fasbender, Department of Justice**, about the impact on their ability to do business in this biennium.

Mr. Fasbender indicated they provided the committee a schedule of the expenditures they were going to be making and didn't anticipate spending more than about half of the money in the first biennium. They worked with **SEN. STAPLETON** on the amendment so the legislature can look at the project in two years. They will have one loan with the Board of Investments. He did not see any harm from the amendment.

SEN. KEITH BALES asked if \$10 million would complete the titling and registration system.

Mr. Fasbender stated that is his best guess at this time. The numbers are based on the best information they have. They are anticipating that titling will be completed and the registration process can be begun. They can complete the business process re-engineering and begin writing code and then move into driver registration. They are trying to build an integrated system and anticipate the money will be used not just to build the system, but there will be people in place to take bugs out of the system. At the end of that period of time there will be a fully operational system. They're hoping to do everything they want to but some of the functionality may have to drop out. They anticipate the money will be adequate.

SEN. STONINGTON said she appreciated **SEN. STAPLETON'S** continued vigilance about what happened with POINTS. She said they were all pretty nervous about the whole IT structure in the state. She favored that he worked with the department to come to an agreeable solution that keeps the oversight of the legislature and still enables the department to do their project. Her impression of the testimony was that with **Brian Wolf's** oversight and his input into the way the IT structure is going forward, we're getting on a sounder footing with how IT is dealt with in this state.

Vote: Motion carried unanimously.

Motion: SEN. ZOOK moved HB 261-2ND-SET.bgn.

Ms. Purdy explained the amendment would make a technical correction to the bill to an inconsistency so the bill would do as intended.

Vote: Motion carried unanimously.

Motion: SEN. STONINGTON moved SB 29301.abl.

Mr. Fasbender advised the amendment sets it up so that there are a number of titles issued and different amounts are charged for

all of them. That creates some problems for the **Department of Revenue** as they have to account for it before they can transfer monies to the general fund. Half of the money goes to general fund and half to a state revenue account. They worked it out with **DOR** so the transfer can take place without having to go through a count system that they use for the counties. None of this money ever went to the counties and always went into the general fund. In order to simplify that process, both for collection purposes and for distribution of those funds, they met with the **DOR** and worked out these amendments and the **DOR** is in agreement with it. The first section of the bill is going to be struck as they don't need the process because this doesn't involve counties. In addition, they picked up some titles that weren't covered before, reissues, lost duplications and there's a change in the effective date. The reason the amendments are so long is that some of them are temporary and duplicate statutes are set up. He did not know of any opposition to the amendments and he thinks they've simplified the process.

CHAIRMAN ZOOK asked about the ten dollar fee to get the bank or lienholder removed from a certificate of title and that seemed unfair to him. It seemed to him the holder of the title should have to pay. The fee will probably be included in the charges from the bank.

Mr. Fasbender explained there is a lien filing fee that is charged when titles are filed with the lending agency. It costs the department the same amount to process the titles every time they re-issue them or whether they're a duplicate. **{Tape: 1; Side: B}** They anticipate there will be fewer written titles issued and titles will be handled electronically and it will change the way that business is done. They don't want to preclude anyone from the opportunity to have a written title. It is set up so they have the ability to request the issue of a new title that clears the lien. There are about 50,000 liens a year that are cleared and about half of those people request a written document that shows the release.

SEN. ZOOK said it was half a million dollars.

SEN. JON ESP asked if it would preclude the bank from issuing a lien release and if the customer would have to pay to have a lien released.

Mr. Fasbender advised when you file a lien it is required to pay the fee at that time. When the lien is released there is no charge.

SEN. STAPLETON asked why the amendments weren't put on in the House or if they were attempted in the House.

Mr. Fasbender said at the time it was going through the House, they hadn't looked in SABHRS at all the different titles and the money being generated, and were not aware of the fact there is a two dollar fee for junk vehicles, so the numbers they came up with were incorrect. They didn't want to increase the fee anymore, but wanted to make sure there was adequate funding there to cover the debt service so the **Board of Investments** would be comfortable with the loan. At that time they took a look at all the titles they issue and thought it would be important to standardize the charges on all those and that's why they weren't introduced in the House. They became more aware of what was going on as they got more into the legislation.

SEN. JOHNSON thought the bill doubles the fee on more people in the state of Montana than any other way except a general sales tax in the state would. He wondered about doing that right now.

Mr. Fasbender advised one of the first things they looked at was a \$2 additional fee on the registration of all vehicles in the state of Montana. There are about 1.2 million vehicles registered every year in the state. When they met with **Budget and Program Planning** and the Governor and presented them with that option, and also the option of people buying cars whether new or used, that is a choice if they're going to buy a car. 333,000 are new titles and in addition there are boats, snowmobiles, RVs. The Governor chose the second option, the \$5 increase in titling fees, as it was more of a choice on the part of the individual.

SEN. JOHNSON asked if it was a doubling of fees.

Mr. Fasbender stated it is a doubling of fees. It was \$5 before and its been doubled to \$10.

Vote: Motion carried 10-7 with **BUTCHER, ESP, JOHNSON, KEENAN, LAIBLE, TASH, and ZOOK** voting no.

CHAIRMAN ZOOK advised before reporting the bill out, they'd ask for a new fiscal note.

SEN. STONINGTON advised voting on the bill.

CHAIRMAN ZOOK said the amendments are on the bill but he thought it would be better to wait and see the fiscal note before they vote on it.

ADJOURNMENT

Adjournment: 11:37 A.M.

SEN. TOM ZOOK, Chairman

PRUDENCE GILDROY, Secretary

TZ/PG

EXHIBIT (fcs38aad)